“AN ANALYTICAL STUDY OF ACCOUNTING SYSTEM ADOPTED BY LOCAL SELF-GOVERNMENT BODIES WITH SPECIAL REFERENCE TO PANDHARPUR MUNICIPAL COUNCIL”

SYNOPSIS

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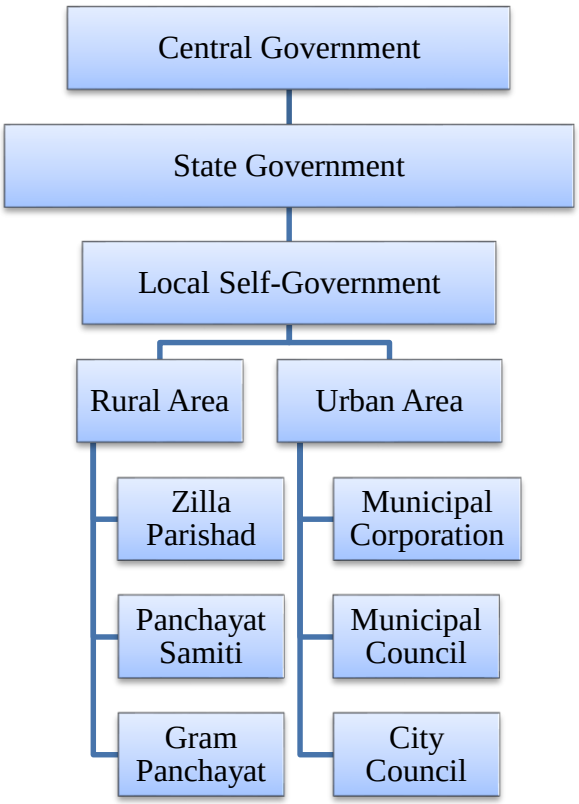
1.Introduction-

The society prospers when people live in community. A country is the giant community of people bound by certain common rules and regulations. The government is required to control, manage and govern the activities of community. Government in short can be called as group of people which follows certain fundamental principles for effective governance of the nation.

Central Government is the supreme governing authority in India. Central Government cannot handle the matters of the whole nation alone, hence it has delegated its authority to the State Government and Local-Self-Government for establishing effective control system in the nation. Administrative hierarchy of Government of India can be explained with the help of following tree diagram-



Local Self-Government is the government of local people which is driven by representatives elected by them. Central Government and State Government has given some powers and responsibilities to Local Self-Government Bodies so that problems of each locality in the nation get resolved easily and quickly. Establishment of Local Self-Government was necessary because

inhabitants often interact with the Local Bodies regarding their problems as compared to Central and State Government.

Municipal Council is one of the important Urban Local Self Government Body in India. Municipal Council is a public council which is created by law having an authority to act as an agency of State Government and Local Bodies entrusted with the goal of development. Municipal Council enjoys highest authority of formation and execution of policies as compared to other local bodies.

Pandharpur Municipal Council is located in Solapur district of Maharashtra having population of 99,000. It is one of the important municipal councils in Maharashtra because Pandharpur is well known pilgrimage which is visited by approximately one million pilgrims in a year. Also the council has huge scope of development because in the next census most probably it will be converted into Class "A" municipal council after crossing the population of 1,00,000.

The development of any organization depends upon availability of funds and its proper utilization which can be traced out easily from the financial statements of the organization. Financial statements of any entity represent the actual picture of the financial performance of that particular organization. Not only formation and presentation of financial information is important but also the system of accounting used for preparation of books of accounts is important to find out the reliability of financial statements.

Accounting system means the system which is used for recording the transactions and classification of those recorded entries for its meaningful presentation. In India, most of the Government Departments use single entry system of accounting. Nowadays it is the need of an hour to get converted from single entry system of accounting into double entry system for better representation of financial position and financial performance of an entity.

2.Statement of the Problem-

Countries are trying their best for adopting International Financial Reporting Standards for worldwide acceptance of their financial information and easy comparability of financial statements of their entities at an international level. In this era of globalization, Local Self-Government Bodies are lagging behind. Local Self-Government bodies like Municipal Councils are still using single entry system of accounting which is very rarely used at national and international level nowadays. The study aims at finding the shortcomings of existing accounting system followed by municipal councils and difficulties faced by them for implementation of double entry system of accounting.

3.Review of Literature-

(Gopalkishan, 2016)In this research thesis, researcher has studied financial statements of Dhule Municipal Corporation. The researcher has done an analysis of municipal revenue, municipal expenditure and effective practices for efficient accounts and audit of Dhule Municipal Corporation.

(Tanurkar, 2011)The researcher has done analytical study of municipal revenues and expenses in Vidarbha Region who has stated in its project report that development activities of concerned municipal councils are inefficient because of defective management of its financial resources.

(N.Y., 1996)This research is focused on admistrative hierarchy of government in India. Details of Local Self-Government and Municipal Council are obtained from this research thesis.

(Finanacial Accounting Practices in Selected Cooperatives)The researcher has examined accounting system of selected cooperatives which show that accounting system is based on actual payment and receipts. Single entry system is adopted by cooperatives instead of double entry system of accounting.

4.Objectives of the Study-

Objectives of this research study are as follows-

1.To study and examine Books of Accounts and Records maintained by municipal council.

2.To study the existing accounting system followed by municipal council.

3.To find out effects of current accounting systems and policies on financial statements.

4.To find out shortcomings of current accounting practices followed by municipal council.

5.To trace out difficulties faced by municipal council for implementation of double entry system of accounting.

6.To provide suggestions to overcome shortcomings of existing accounting system followed by municipal council.

7.To study any incidental and collateral issue which will arise during this research work.

5.Significance of the Study-

Government has emphasized through its Government Resolution to accept double entry system of accounting since 2006 with the view to avoid frauds. Till the date, maximum number of municipal councils have not yet adopted double entry system due to various problems. This study will help to understand those problems and find out solutions for the same so that chances of fraud and error will be minimized.

6.Hypotheses of the Study-

Hypothesis means assumption. Researcher has started this research by considering following assumptions-

H0-Accounting system followed by municipal council is imperfect.

H1-Financial records and statements are not efficiently prepared with the help of current accounting system.

H2-Auditing of financial accounts and statements is difficult in present accounting system.

H3-Financial Statements prepared according to present accounting system does not show true and fair view of financial performance and financial position of municipal council.

7.Research Methodology-

For the purpose of this research study, required data is collected from both primary as well as secondary sources of data.

1.Primary Data-

Data regarding accounting system and practices followed by Pandharpur Municipal Council will be collected from Chief Officer, Accountant, Internal Auditor, Cashier and Chartered Accountants of Municipal Council through discussion and interview. For more information, data can also be collected from retired personnel of municipal council who used to look after the similar work.

2.Secondary Data-

The secondary data will be collected through Books of Accounts and Financial Statements maintained by municipal council. Additional information will be collected from books, Newspapers,

Magazines, Journals, Related Thesis, Government Resolutions and Acts applicable to municipal council which give guidelines regarding accounting system.

3.Statitical Tools-

The data collected through primary and secondary sources will be analyzed with the help of ratio analysis, mean, mode, median and statistical tests like T test, Chi-Square test, etc.

8.Chapter Scheme-

Chapter I-Introduction

Chapter II- Research Methodology.

Chapter III- Review of Literature and profile of Pandharpur Taluka.

Chapter IV-Problems of Accounting system followed by Pandharpur Municipal Council.

Chapter-Effect of an accounting system adopted by municipal council on financial statements.

Chapter VI-Analysis, Interpretation and presentation of data.

Chapter VII-Summary of Findings, Conclusion and Suggestions.

9.Scope of Study-

The study is limited to the accounting system followed by Pandharpur Municipal Council. For the purpose of in-depth study of accounting system, selection of only Pandharpur Municipal Council is done. Qualitative and micro financial analysis of data is possible due to the selection of only one municipal council.

Geographical Scope-Municipal Council in Pandharpur City.

Operational Scope-Accounting System and Financial Information of Pandharpur Municipal Council'

Periodical Scope-The accounting system followed by selected municipal council will be studied from the FY 2010-11 till FY2017-18.

10.Limitations of the Study-

1.The study is limited to the accounting aspects of Pandharpur municipal council. It does not consider other aspects related to municipal council.

2.Data to be analyzed is available in local language i.e. in Marathi which will be converted into English for the purpose of this research which requires additional efforts.

3.Data which is needed for the research is maintained under single entry system. Tracing of transactions requires special attention.

4.Comparative analysis of existing accounting system adopted by Pandharpur municipal council with other municipal councils is not possible because different councils may adopt different accounting assumptions as per their convenience.

11.Reference-

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Research Student **Research Guide**

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